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Letter dated 25 May 2004 from the Permanent Representative of Germany to the United Nations addressed to the President of the Security Council

I should be grateful if you would circulate as a document of the Security Council the attached summary of key themes of the public meeting of the Security Council on "the role of business in conflict prevention, peacekeeping and post-conflict peace-building", held on 15 April 2003 under the German presidency of the Council (see annex).

(*Signed*) Gunter **Pleuger**
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Annex to the letter dated 25 May 2004 from the Permanent Representative of Germany to the United Nations addressed to the President of the Security Council

The role of business in conflict prevention, peacekeeping and post-conflict peace-building

Chairman's summary of the discussion held by the Security Council on 15 April 2004

On 15 April 2004, the Security Council met to discuss the role of business in conflict prevention, peacekeeping and post-conflict peace-building. Taking into consideration that economic factors play an important role in armed conflicts, the aim of the discussion was to assess the potential difference business can make in the various phases of an armed conflict. In addition to Council members, the following guest speakers took part in the discussion: Secretary-General Kofi Annan; World Bank President James Wolfensohn; Siemens President and Chief Executive Officer Heinrich von Pierer; Economic and Social Council President Marjatta Rasi; and the Chairman of the Advisory Group on African Countries Emerging from Conflict, Dumisani Kumalo.

The following observations were made:

- Business has a crucial role to play in situations of armed conflict. Private companies' decisions on investment and employment, on relations with local communities and on protection for local environments can ease or exacerbate tensions. Business can provide hope, the lack of which is one of the main causes of conflict. In the era of globalization, this is true for companies that operate both internationally as well as domestically.

- Giving people work and opportunity is a key factor in preventing and emerging from conflict. Domestic small and medium-size enterprises play an especially important role in this context, as it is in practice they that create the most jobs. Often they are the ones that offer employment opportunities to demobilized fighters who are forced to disarm as part of reconstruction and post-conflict resolution.

- Business itself has an enormous stake in the search for solutions. Companies require a stable environment to carry out their operations and minimize their risks. Furthermore, their reputations depend on their conduct in conflict situations.

- Among the factors critically important in a post-conflict situation are — from an entrepreneurial point of view — a reasonable level of security, rebuilding infrastructure, securing financing for reconstruction programmes, timely planning and a perspective afforded by visible progress.

- In long-term conflict prevention, education is a key element. Sustainable economic growth and the private sector's contribution to it are equally important.

- Private sector engagement is as necessary in the pre-conflict phase as it is in the post-conflict phase. Yet, companies alone will not be able to prevent or put an end to an armed conflict.

- The resolution of violent conflicts requires a concerted effort by all major stakeholders. The United Nations, the internationaal financial institutions and the Member States are called upon to cooperate closely with the private sector to set the necessary political, security, legal, economic and financial framework.

- Several recent initiatives relating to corporate social responsibility were welcomed, inter alia, the Secretary-General's Global Compact Initiative, in which companies voluntarily commit themselves to engage in socially and ecologically responsible and sustainable business practices.

- An inter-agency group has been established in the Secretariat to study the political economy of armed conflict and to provide recommendations on how to improve the response of the United Nations system to the economic dimension of conflicts.

- The Security Council has, in the past, only looked at certain aspects of the role of business in conflict. It is therefore appropriate for the Council to address this highly relevant issue more systematically. A number of participants expressed their hope for a follow-up of the meeting in the Council, some suggesting that the Secretary-General might report to the Council on further developments. The Secretary-General, for his part, urged the Council to focus greater attention on this issue and to engage more dynamically with the private sector.

The meeting was perceived as a clear signal for a more coherent approach by all respective institutions within and outside the United Nations system to use the potential of entrepreneurial initiative in conflict situations more effectively.